



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provides Limited Government:** This bill increase permanent city, Division (B) employees' retirement benefits.

#### B. EFFECT OF PROPOSED CHANGES:

##### PRESENT SITUATION:

Section 14, art. X of the State Constitution provides that a governmental unit responsible for any retirement or pension system supported wholly or partially by public pension funds may not after January 1, 1977, provide any increase in benefits to members or beneficiaries unless concurrent provisions for funding the increase in benefits are made on a sound actuarial basis.

Part VII, ch. 112, F. S., the "Florida Protection of Public Employee Retirement Benefits Act," was adopted by the Legislature to implement the provisions of s. 14, art. X, State Constitution. This law establishes minimum standards for operating and funding public employee retirement systems and plans. The act is applicable to all units of state, county, special district and municipal governments participating in or operating a retirement system for public employees which is funded in whole or in part by public funds.

Section 112.63, F.S., provides that no unit of local government shall agree to a proposed change in retirement benefits unless the administrator of the system, prior to adoption of the change by the governing body, and prior to the last public hearing thereon, has issued a statement of the actuarial impact of the proposed change upon the local retirement system, consistent with the actuarial review, and has furnished a copy of such statement to the Division of Retirement, Department of Management Services. The statement is also required to indicate whether the proposed changes are in compliance with s. 14, art. X, State Constitution, and with s. 112.64, F.S., which relates to administration of funds and amortization of unfunded liability.

All permanent city employees hired after October 1, 1981, and any Division (A) employees who elected to change, are Division (B) employees under the City of Tampa General Employees' Pension Plan.<sup>1</sup> After at least 6 years of service and attaining the age of 62, a Division (B) employee is entitled to a money pension payable for life equal to 1.15 percent of the Average Monthly Salary multiplied by years of service. The Average Monthly Salary is the total compensation received during the 3 years out of the last 6 years of continuous service which produces the highest average, divided by 36.<sup>2</sup>

The multiplier was raised 0.05, from 1.1 percent to 1.15 percent in 2005.<sup>3</sup> As of January 1, 2005, there were 2, 682 active Division (B) employees.<sup>4</sup>

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<sup>1</sup> General Employees' Pension Plan for the City of Tampa, Actuarial Impact Statement as of January 1, 2005.

<sup>2</sup> General Employees' Pension Plan for the City of Tampa, Actuarial Impact Statement as of January 1, 2005.

<sup>3</sup> Chapter 2005-326, L.O.F.

<sup>4</sup> General Employees' Pension Plan for the City of Tampa, Actuarial Impact Statement as of January 1, 2005.

**EFFECT OF BILL:**

This bill increases the multiplier of Division (B) employees by 0.05 percent, raising it from 1.15 percent to 1.20 percent. This bill would entitle an eligible Division (B) employee to a monthly pension plan equal to 1.20 percent of his or her Average Monthly Salary multiplied by his or her years of service.

C. SECTION DIRECTORY:

**Section 1:** Amends ss. (1) and (2), of s. 8 of chapter 23559, L.O.F., as amended by chapter 2005-326, L.O.F., to increase the longevity retirement multiplier.

**Section 2:** Provides an effective date of October 1, 2006.

**II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS**

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? *January 12, 2006.*

WHERE? *Tampa Tribune, Tampa, Hillsborough County, Florida.*

B. REFERENDUM(S) REQUIRED? Yes  No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached  No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached  No

According to the Economic Impact Statement, no fiscal impact is expected FY 2005-06. A fiscal impact of \$900,000 in the form of implementation costs is expected for FY 2006-07.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

According to the Hillsborough County Legislative Delegation Explanatory Memorandum:

“A negotiated increase in the pension multiplier of .05 percent to 1.2 for Division B employees was approved by the Amalgamated Transit Union on November 10, 2005 and ratified by Tampa City Council on November 17, 2005.”

“[The] Proposed change would make the City of Tampa Pension Plan Division B more consistent with the Florida Retirement System (FRS).”

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

None.